

it gets to the floor and gets passage. I think that is an example where a freshman can come to this body and have an impact early on. We appreciate the gentleman's diligence and his effort in this.

Mr. Speaker, this is a very worthwhile project. It has bipartisan support. I do not think there is any reason why we should not all support this piece of legislation and move it on down the road.

Mr. LARSON of Connecticut. Mr. Speaker, I rise today in support of H.R. 182, Eight Mile River Wild and Scenic River Study Act of 2001, sponsored by my colleague ROB SIMMONS from Connecticut.

At the outset, Mr. Speaker, I wish to thank and commend Mr. SIMMONS and my other colleagues from Connecticut who have co-sponsored this bill.

This bill would authorize the National Park Service to conduct a study of Connecticut's Eight Mile River for possible inclusion as part of the National Wild and Scenic Rivers System. The National Wild and Scenic Rivers System was established by Congress in 1968 to recognize and support exceptional rivers.

Connecticut is a State proud of its heritage and natural beauty, ranging from the Connecticut River, to the Litchfield Hills, to the Long Island Sound and the Eight Mile River in Eastern Connecticut. The Eight Mile River and the watershed that supports it is an outstanding ecological system. The designation of the Eight Mile River as part of the National Wild and Scenic Rivers System will offer federal protection and mutually agreed conservation policies that are all desperately needed in a time when the condition of this river is in danger.

This free-flowing river is home to a variety of fish and wildlife and provides cultural, recreational, and scenic benefits that State, local officials, and area residents support. It is a pleasure to see how a project can work in bringing a community together for the greater good of protecting our natural environment.

As a supporter of the Eight Mile River, its recognition and conservation, I am proud to stand here today as an original co-sponsor of H.R. 182 that highlights one of Connecticut's treasures and I urge my colleagues to vote in favor of this measure.

Mr. HEFLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado (Mr. HEFLEY) that the House suspend the rules and pass the bill, H.R. 182, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "To amend the Wild and Scenic Rivers Act to designate a segment of the Eightmile River in the State of Connecticut for study for potential addition to the National Wild and Scenic Rivers System, and for other purposes.".

A motion to reconsider was laid on the table.

GUAM FOREIGN INVESTMENT EQUITY ACT

Mr. HEFLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 309) to provide for the determination of withholding tax rates under the Guam income tax.

The Clerk read as follows:

H.R. 309

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. GUAM FOREIGN INVESTMENT EQUITY ACT.

(a) SHORT TITLE.—This section may be cited as the "Guam Foreign Investment Equity Act".

(b) IN GENERAL.—Subsection (d) of section 31 of the Organic Act of Guam (48 U.S.C. 1421i) is amended by adding at the end the following new paragraph:

"(3) In applying as the Guam Territorial income tax the income-tax laws in force in Guam pursuant to subsection (a) of this section, the rate of tax under sections 871, 881, 884, 1441, 1442, 1443, 1445, and 1446 of the Internal Revenue Code of 1986 on any item of income from sources within Guam shall be the same as the rate which would apply with respect to such item were Guam treated as part of the United States for purposes of the treaty obligations of the United States. The preceding sentence shall not apply to determine the rate of tax on any item of income received from a Guam payor if, for any taxable year, the taxes of the Guam payor were rebated under Guam law. For purposes of this subsection, the term 'Guam payor' means the person from whom the item of income would be deemed to be received for purposes of claiming treaty benefits were Guam treated as part of the United States."

(c) EFFECTIVE DATE.—The amendment made by subsection (b) shall apply to amounts paid after the date of the enactment of the Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Colorado (Mr. HEFLEY) and the gentleman from Guam (Mr. UNDERWOOD) each will control 20 minutes.

The Chair recognizes the gentleman from Colorado (Mr. HEFLEY).

Mr. HEFLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 309, the Guam Foreign Investment Equity Act. This bill, introduced by the gentleman from Guam (Mr. UNDERWOOD), amends the Organic Act of Guam to provide the government of Guam with the authority to tax foreign investors at the same rate as states under the U.S. tax treaties with foreign nations.

H.R. 309, which is supported by both the Republican Speaker and Democratic Governor of Guam, deals exclusively with a Guam territorial income tax that is collected and administered by their government. Because the territorial government of Guam does not have the authority to amend the Organic Act nor their tax rate, congressional action is necessary to conform their income tax rate on foreign investors to that of the 50 States.

In conclusion, I would like to thank the gentleman from Guam (Mr. UNDERWOOD) and the gentleman from Utah (Chairman HANSEN) for their hard work on this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. UNDERWOOD. Mr. Speaker, I yield myself such time as I may consume.

(Mr. UNDERWOOD asked and was given permission to revise and extend his remarks.)

Mr. UNDERWOOD. Mr. Speaker, as you would acknowledge, this is a very important piece of legislation for the people of Guam, and I would like to urge my colleagues to support H.R. 309, the Guam Foreign Investment Equity Act.

This legislation, which passed the House Committee on Resources on March 28, provides the government of Guam with the authority to tax foreign investors at the same rates as states under U.S. tax treaties. I would particularly like to thank the gentleman from Utah (Mr. HANSEN), the chairman of the Committee on Resources, and the ranking member, the gentleman from West Virginia (Mr. RAHALL), for helping me to expeditiously move this bill to the floor.

During the 106th Congress, virtually identical legislation passed the House as part of an omnibus Guam bill on July 25, 2000. Unfortunately, while agreement was reached with the Treasury Department on the provisions of the bill last year, the Senate was unable to act on this important legislation before sine die adjournment.

H.R. 309 is direly needed by the people of Guam. Given Guam's struggling economy and 15 percent unemployment rate, which is more than three times the national average, unlike the rest of the Nation which has experienced unprecedented economic growth and low unemployment rates the past few years, Guam's economy and tourism industry continues to recover from the Asian financial crisis, given our island's ties to the economies of Asia.

Moreover, given the impact of a likely Federal tax-cut package on the government of Guam's revenue stream, because Guam's tax code exactly mirrors the U.S. Tax Code, I believe that H.R. 309 is also good public policy. The revenues from foreign investment that this legislation will generate for the government of Guam and for the economy of Guam is one way to help mitigate the reduction in local revenues anticipated under any new Federal tax-cut plan.

Currently, under the U.S. Internal Revenue Code there is a 30 percent withholding tax rate for foreign investors in the United States. Since Guam's tax law mirrors the rate established under the U.S. Code, the standard rate for foreign investors in Guam is 30 percent. However, under U.S. tax treaties, it is a common feature for countries to negotiate lower withholding rates on investment returns.

Unfortunately, because there are different definitions for the term "United States" under these treaties, Guam is not included. As an example, with Japan, which has the biggest impact on

our economy, the U.S. rate for foreign investors is 10 percent. That means that while Japanese investors are taxed at a rate of 10 percent withholding tax on their investments in the 50 States, those same investors are taxed at a 30 percent withholding rate on Guam.

While the long-term solution for this is for U.S. negotiators to include Guam in the definition of the term "United States" for all future tax treaties, the immediate solution is to amend the Organic Act of Guam and authorize the government of Guam to tax foreign investors at the same rates as the 50 States.

Other territories under U.S. jurisdiction have already remedied this problem or are able to offer alternative tax benefits to foreign investors to delineate their unique covenant agreements with the Federal Government or through Federal statute. Guam alone is therefore the only State or territory in the United States which is unable to provide this tax benefit.

The Congressional Budget Office has indicated that the legislation will not have an effect on the Federal budget. It simply allows the government of Guam to lower its withholding rate for foreign investors. While the bill will result in the loss of revenue for the government of Guam in the short term, these losses are expected to be offset by the generation of increased tax revenues through increased foreign investments in the long run. Some 75 percent of Guam's current commercial development is funded by foreign investors.

H.R. 309 also incorporates changes recommended by the Treasury Department to ensure that a foreign investor who benefits from this legislation cannot simultaneously benefit from tax rebates under Guam territorial law.

My legislation is supported by Governor of Guam, Carl Gutierrez, the Speaker of the Guam Legislature, Tony Unpingco, and the Guam Chamber of Commerce. I also want to thank my good friend, Senator Ben Pangelinan in the Guam Legislature, who initially suggested this legislation a few years ago.

I have worked closely on this measure with the House Committee on Resources, the House Committee on Ways and Means, the Senate Finance Committee, the Senate Energy and Natural Resources Committee, the Interior Department, Treasury Department and the White House National Economic Council.

I urge my colleagues to support H.R. 309. It is good for Guam's economy, and it is sound national policy towards foreign investments in the United States.

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Mr. Speaker, I yield such time as he may consume to the gentleman from American Samoa (Mr. FALOMAVAEGA). (Mr. FALOMAVAEGA asked and was given permission to revise and extend his remarks.)

Mr. FALOMAVAEGA. Mr. Speaker, I certainly want to commend the gen-

tleman from Guam for his leadership and for the authorship of this important legislation. I want to thank our colleague, the gentleman from Colorado (Mr. HEFLEY) for his leadership in managing the legislation pertaining to the Committee on Resources. I thank the gentleman from Utah (Chairman HANSEN) and the gentleman from West Virginia (Mr. RAHALL), the ranking minority member, for their support of this legislation.

Mr. Speaker, I rise in strong support of H.R. 309, a bill to provide for the determination of withholding tax rates on the Guam income tax law. I am often critical of the relationship, or should I say, a lack of a well-defined relationship, currently existing between American Samoa and the United States.

Unlike Guam, the Virgin Islands, Puerto Rico, or the Commonwealth of the Northern Mariana Islands, American Samoa does not have an Organic Act setting forth the basic structure of the government, or a covenant relationship that defines such a relationship, as is currently the case with the Commonwealth of the Northern Mariana Islands.

On the other hand, Mr. Speaker, once a territory becomes organized, the local government loses much of its flexibility that it otherwise would have in addressing many of its social and economic issues.

Mr. Speaker, as many of my colleagues may not be aware, the territory of American Samoa is an unorganized and unincorporated territory of the United States. This year marks the very unique political relationship between American Samoa and the United States which has now existed for over 101 years.

American Samoa now has a territorial Constitution that was approved by the Secretary of the Interior in 1967, but was never approved by the Congress. A law was passed by the Congress in 1984 to prohibit any changes in the territorial Constitution without the consent of the Congress, but at the same time, Congress passed a law in 1929 to delegate all military, judicial, and administrative authority under the control of the President or his designee, currently the Secretary of the Interior. Mr. Speaker, how would we like to figure that one out?

Mr. Speaker, the issue addressed by this legislation is one example of the inflexibility of existing Organic Acts. Under current Federal tax law, there is a 30 percent State income tax rate for foreign investors, or I am sorry, 10 percent for foreign investors in the United States. Guam's territorial tax law is imposed under Federal law, so an act of Congress is needed to change it.

Even though the United States enters into treaties with foreign governments authorizing lower income tax rates for foreign investors in the States of the United States, current treaties do not include the territories as part of the United States. The net result is

that if a Japanese businessman invests in a State of the United States and has an income of \$100,000, that investor pays a \$10,000 tax on the income. That very same investor earning the same \$100,000 in income from an investment in Guam would have to pay \$30,000 in tax, or three times as much.

Given Guam's proximity to Japan and other Asian countries, and given the number of nonaffiliated islands in the Pacific, the 30 percent income tax rate is a considerable disincentive for foreign investors to do business in a territory like Guam, thus hampering Guam's economic development.

I welcome this proposed change in Federal law to permit the governing authority in Guam to tax foreign investors at the same rates as States under U.S. tax treaties with foreign nations.

While American Samoa does not have this problem because it has authority to enact its own tax laws, I would suggest that future tax treaty negotiators include U.S. territories within treaty provisions so separate legislation is not necessary.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. UNDERWOOD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Colorado (Mr. HEFLEY) for those kind remarks and for his indulgence in seeing this through.

Mr. Speaker, I yield back the balance of my time.

Mr. HEFLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would encourage my colleagues to support this broadly-supported bill, a bipartisan bill, a good bill. I commend the gentleman from Guam (Mr. UNDERWOOD) for his hard work on it.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the motion offered by the gentleman from Colorado (Mr. HEFLEY) that the House suspend the rules and pass the bill, H.R. 309.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HEFLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the three bills just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.